1983 - 1984
OPERATING TRENDS

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From Our Director

As a result of deregulation in 1982 and the reduction of ICC reporting requirements, timely and reliable industry statistics and management information are no longer available to the bus industry. Therefore, this pilot operating analysis and report was planned to fill this information void and to meet the continuing management information needs of our members.

We recently mailed a survey questionnaire to all UBOA members requesting first half operating and financial data for calendar years 1983 and 1984. The information included in this report highlights current trends in key statistics on an industry-wide basis and can serve as a basis for general individual company comparisons.

To those who responded to our survey, we wish to express our deep appreciation for your time and effort. To those unable to respond, we express the hope that you will participate in future surveys. Indeed, full participation from all UBOA members will provide all of us with a higher level of confidence in each statistic and improved knowledge of our industry by those in it and those outside.

Introduction

These preliminary statistics can be used by your management team as a benchmark for comparing your firm's performance. The indicators developed reflect completed surveys from forty of our members, representing operating performance for companies with a broad range of revenues from $11,000 to $12,000,000 annually; however, 60 percent fall into the $200,000 to $2,000,000 range. As a result of the limited sample size, the companies were not able to be stratified by operating size. In subsequent surveys, we hope to be able to group bus lines by revenue size in order

TABLE A
Revenue Analysis

	Proportion of Total Revenues by Category		Percent Change in Revenues
	1984	1983	1983-1984
OPERATING REVENUE			
Charter	34	33	7.2%
Regular	19	19	2.8
Other Passenger	9	9	(1.1)
Other Non-Passenger	7	7	1.8
NON-OPERATING REVENUE	1	2	(5.1)%
TOTAL	100	100	2.7

TABLE B
Revenue Per Mile and Per Passenger

	1984	1983
PER MILE		
Charter Revenue Per Charter Mile	$1.27	$1.24
Regular Route Revenue Per Reg Route Mile	$1.48	$1.52
Other Revenue Per Other Bus Mile	$2.67	$2.84
Average Revenue Per Operating Mile	$1.45	$1.47
PER PASSENGER		
Charter Revenue Per Charter Passenger	$6.54	$6.70
Regular Route Revenue Per Regular Route Passenger	$2.47	$2.54
Other Revenue Per Other Bus Passenger	$1.67	$1.97
Average Revenue Per Passenger	$2.85	$2.95

TABLE C
Expense Analysis

	Proportion of Total Expenses by Category		Average Percent Change in Expenses
	1984	1983	1983-1984
OPERATING			
Transportation	15%	15%	6.1%
Maintenance	13	13	6.3
NON-OPERATING			
Station	8	8	5.5
Advertising	2	3	(2.3)
Insurance	4	3	2.0
Administration	11	11	4.0
Depreciation	6	7	(9.4)
Miscellaneous	5	4	11.5
Interest	2	1	15.0
Tax	4	5	1.2
TOTAL	100	100	5.6%

TABLE D
Expense Per Bus Mile

	1984	1983	Percent Change
Operating Expense Per Mile	$0.69	$0.67	3.0%
Non-Operating Expense Per Mile	0.98	0.95	3.2
Total Expense Per Mile	1.67	1.62	3.1

TABLE E
Average Operating Miles and Passengers Per Bus

	Operating Miles		Passengers Carried	
	1984	1983	1984	1983
Regular Route	14,300	13,200	8,400	8,000
Charter	10,600	10,100	2,100	1,900
Other	1,500	1,400	2,300	2,000
TOTAL	26,400	24,700	12,800	11,900

TABLE F
Other Performance Indicators

	Class I Carrier	Surveyed Companies		
	1984 Average	1984 Range	1984 Average	1983 Average
Operating Ratio	106%	76%-238%	103%	101%
Number of Employees	14,972	1-486	78	76
Number of Buses	3,717	1-208	36	36
Fleet Age (years)	6	1-20	9	8
Bus Miles (000)	157,722	3-6,196	902	881
Passengers (000)	21,387	2-3,033	170	162
Driver Hourly Wage	$19.80	$5.30-$24.00	$9.57	$9.18
Fuel Consumed (000 gallons)	28,102	1-4,118	178	175

Excludes one Class I carrier

Note: All 1984 and 1983 statistics cover only the first half of each calendar year.

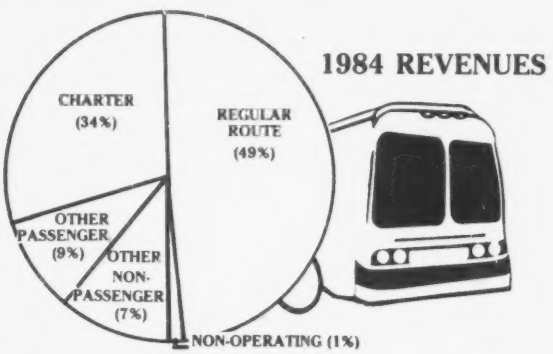
UNITED BUS OWNERS OF AMERICA

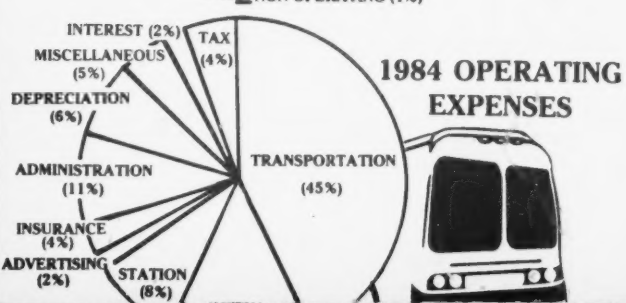
Revenue Analysis

Total revenues, both operating and non-operating, increased almost three percent between the first half of 1983 and 1984. The mix of revenue sources **(Table A)** remained relatively constant during this period. Only charter revenue as a proportion of total revenues increased one percentage point.

Measurement of revenue on a per mile and per passenger basis is shown **(Table B)**. For our forty surveyed firms, these indicators showed a downturn between 1983 and 1984 due to stiffer competition and frequent price wars. Charter revenue increased $0.03 per mile. As a result of decreases in both regular route and other revenue per mile the average revenue per operating mile decreased $0.02.

Revenue per passenger decreased at a greater rate than revenue per mile. In fact, charter, regular route, and other revenue all showed a significant drop on a per passenger basis, generating an average of $0.10 less per passenger carried in 1984 than in 1983. See **Table B**.





Expense Analysis

Overall operating expenses increased almost six percent between the first half of 1983 and 1984 **(Table C)**. The main cost categories of transportation, maintenance, station, and administration increased by six percent or less, and they each maintained their same proportion of total expenses. Three of the remaining expense categories (depreciation, interest, and miscellaneous) evidenced substantial changes between 1983 and 1984. Each represented only a small proportion of total expenses in both years.

Changes in non-operating expenses such as interest and recorded depreciation apparently are due to the recent influx of new entrants into the bus industry and the corresponding surge in capital investments. Interest expense had the largest increase, with a fifteen percent change. Recorded depreciation, on the other hand, decreased nine percent for the sample of forty companies. This reflects a slight slowdown in capital asset replacement between 1983 and 1984, considering the effects of accelerated depreciation rules. This point is consistent with the reported slackening of new equipment purchases since 1983.

Total expenses per mile rose 3.1 percent between 1983 and 1984 as per **Table D**. This includes both charter and revenue route miles. Operating expenses (e.g., transportation and maintenance) increased $0.02 per mile, while non-operating cost increased $0.03 per mile. Therefore, compared to 1983 expense levels, it now costs $0.05 more per mile to both operate and support the operation from our sample of forty companies.

Performance Indicators

Several productivity and performance measures were used to evaluate the operating efficiency of the surveyed companies. These are highlighted in **Tables E and F.** (As noted, the survey sample consisted of a wide range of bus operations. Selected statistics are thus reported by giving the range and the average values. A single report from a Class I carrier is reported separately from the other data.).

Miles operated per bus during the first half of each year on average increased from 24,700 to 26,400, and the number of passengers carried per bus also showed an increase from 11,900 to 12,800—each advancing about seven percent.

The survey sample's operating ratio (total operating expense as a percentage of total operating revenues) averaged 103 percent in 1984. This represents a deterioration from 101 percent in 1983. Of those companies responding to the survey, less than half reported a profitable ratio, as shown:

Operating Ratio Range	Percent of Surveyed Companies
Under 90%	26%
Between 90% and 100%	19
Over 100%	55

Operating revenues continue to be subjected to the competitive short-term pricing strategies many firms are currently using.